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SIPDIS

DEPT FOR NEA/FO-DIBBLE, NP/FO:FITZPATRICK, EUR/ERA

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TAGS: [PREL](#) [PARM](#) [KNNP](#) [IR](#) [EUN](#) [IAEA](#) [UNSC](#) [USEU](#) [BRUSSELS](#)

SUBJECT: WISHFUL THINKING? EU HOPES G8 CAN KEEP IRAN OUT OF UNSC

REF: BRUSSELS 4201

Classified By: USEU POLOFF LEE LITZENBERGER; REASON 1.4 (B,D)

¶1. (C) Summary. In meetings with NEA DAS Dibble and NP A/DAS Fitzpatrick on October 4-5, EU officials from the Dutch Presidency, Council Secretariat and Commission expressed concerns that IAEA referral of Iran to the UNSC in November would cross a major, negative threshold they want to avoid. The EU fears Iran would respond by withdrawing from the NPT and accelerating uranium enrichment, and that moving the issue to the UNSC would lead to confrontation. The EU is still deliberating possible European components for a G8-endorsed "package" of significant incentives to offer Iran in return for cessation of enrichment, but wants to assemble as many carrots as possible -- including from the U.S.-- in one more effort to resolve the matter without recourse to the UNSC. Should Iran respond in any meaningful way to an incentives package, even on the eve of the IAEA Board meeting, EU member states will likely oppose referral to the UNSC. EU officials are aware this could lead to an undesirable transatlantic rift, but are unsure at this point how to reduce this risk. Pushback from the U.S. side focused on the strategic and legal advantages of involving the UNSC, Iran's tactic of offering -- and breaking -- pledges to comply in order to keep the issue out of the UNSC, and the lack to date of any indication that Iran will consider making a strategic decision to suspend enrichment and forego a nuclear weapons program. End Summary.

Points of Agreement...

¶2. (S) On October 4-5, NEA DAS Dibble and NP A/DAS Fitzpatrick, accompanied by NEA/ARPI Waller and S/CT Miller, met with a wide range of EU and Canadian officials during and on the margins of the U.S.-EU-Canada Trilateral discussions on Iran. Canada and the EU agree with the U.S.'s pessimistic assessment of internal developments in Iran, and shared their own downbeat assessment of trends in human rights, support for terrorism, and opposition to a negotiated Middle East peace settlement. Although EU officials readily acknowledged that their policy of engagement on Iran has failed, their only prescription was "more engagement." On WMD, the EU was interested in Fitzpatrick's briefing on the status of Iran's work in converting its 37 tons of yellowcake into uranium hexafluoride, and its efforts to master the complex centrifuge technology related to uranium enrichment -- two chokepoints that, once passed, would give Iran a dangerous breakout capability. Fitzpatrick underscored USG concern that Iran would agree to suspension on the eve of the November 25-26 Board meeting, only after it had passed these chokepoints. A suspension pledge in that case would mean little, unless Iran turned over the UF6 and centrifuges.

But Divergence over a G8 Initiative

¶3. (C) Nearly all EU interlocutors, however, expressed the hope that a G8-endorsed initiative could entice Iran to suspend enrichment, and avoid sending the issue to the UNSC at the November IAEA Board meeting. The EU is still working on what the possible components of such an initiative could be. Given the importance of "saving face" for Iran, most EU officials are convinced that "significant" carrots -- including especially from the U.S. -- are needed to bring Iran around. The EU favors a G8 approach because, by including the US, Japan, and Russia, it broadens the appeal of any initiative for Iran. Also, should a G8 initiative ultimately fail, moving the issue to the UNSC would then in theory have the support of Russia.

Referral to UNSC Crosses Major Threshold

¶4. (C) Most EU officials shared the conviction that reporting the issue to the UNSC would shift the issue to an almost inevitable path toward conflict. Iran, they argued, would likely withdraw from the NPT, accelerate its enrichment, or both. One official asked rhetorically, "What is the advantage in having Iran outside the NPT and pursuing nuclear weapons?" DAS Dibble and A/DAS Fitzpatrick questioned this assumption, noting that having Iran pursue nuclear weapons within the NPT is even worse. They added that reporting to the UNSC is a necessary step to begin to ramp up pressure, but would not lead immediately or

inevitably to sanctions or confrontation. The UNSC could, however, provide a legal basis for "requiring" Iran to suspend enrichment, and also put Iran's program in a broader context than its narrower NPT obligations. Most Board members believe the IAEA can only "call on" Iran to suspend; the UNSC has clear legal authority to compel Iran to do so. DAS Dibble observed that Iran will not abandon the NPT lightly; to do so would imply that the purpose of its program is not peaceful, undercut support for Iran among the NAM and G-77 countries, and further isolate Iran in international eyes. Unlike the cases of India and Pakistan, who never signed the NPT, Iran would have to abrogate an international treaty it has signed.

Once in the UNSC, what then?

15. (C) EU officials were skeptical that moving the issue to the UNSC would necessarily be effective. Several questioned whether the U.S. could obtain nine votes and no veto on a Chapter VII resolution. Referring the issue only to face vetoes would undermine the UNSC in dealing with Iran and future proliferants. Others were concerned that moving to the Council meant immediately seeking to impose economic sanctions. Fitzpatrick laid out the several graduated steps that the UNSC could take that would raise the pressure on Iran to comply, but were short of the admittedly difficult step of imposing economic sanctions. Council DG Robert Cooper stated flat-out that with oil at \$50/barrel, the cost to Europe's economy would be such that the EU would be very reluctant to move to an oil embargo no matter what happened. Fitzpatrick also noted that Russian actions at the last IAEA indicated they might be cooperative; the key was to go into the UNSC with the support of the EU-3 and European members of the UNSC; we could then build on this core. Fitzpatrick also stressed that reporting to the UNSC would not mean taking the issue away from Vienna. We would expect the UNSC to give its support to the IAEA inspection process, which in any case will have to continue.

Could UNSC Referral accompany a Parallel G8 offer?

16. (C) All EU officials expressed concern that there remains very little time to develop a G8 package, or give Iran much time to respond to one, before the November IAEA Board meeting. Dibble and Fitzpatrick agreed, especially given that the objective was not to elicit yet another Iranian tactical ploy to delay referral to the UNSC, but rather for Iran to make the strategic decision that a network of relationships with the West would provide greater security than would nuclear weapons. Dibble and Fitzpatrick pointed out that there was no reason referral to the UNSC could not occur in parallel with a G8 initiative. Should Iran respond to a G8-endorsed initiative with concrete steps to halt enrichment and, as was the case with Libya, agree to dismantle its nuclear fuel cycle infrastructure, the UNSC could refrain from taking punitive action. Ultimately, how Iran's nuclear program is viewed depends on how Iran responds to the concerns of the international community. EU officials were skeptical that Iran would respond to any G8 initiative following a referral to the UNSC.

Possible EU components of a G8 package

17. (C) EU officials are still brainstorming possible elements of a package that they can propose at next week's G8 Political Directors meeting. Annalisa Gianneli, Solana's Non-Proliferation advisor, avoided details on how such a package might be structured, but envisaged a combination of carrots and sticks that should be clearly spelled out. Elements of the offer could correspond to levels of compliance, with nothing given to Iran in advance. One idea might be to propose holding a regional security conference to address the concerns driving Iran's perception of a strategic threat. She agreed that "sticks" could include, for example, a visa ban on Iranian officials as well as the threat of referral to the UNSC. However, EU officials did not articulate at what point they would consider Iran to have rejected a G-8 proposal (i.e., no deadlines or triggers) - presumably because their thinking has not progressed very far in that direction.

A U.S. security guarantee as a carrot?

18. (C) EU officials in all the meetings made references to the critical importance of some U.S. incentive on Iran to the success of a G8 package. Bjorn Larsson on the Council's Policy Planning staff suggested the most compelling offer would be some kind of security guarantee -- along the lines of Secretary Powell's public statement that the U.S. respects the results of the Iranian revolution. DAS Dibble responded that the Secretary's statement stands, but moving beyond it would be difficult politically, given Iran's defiance of its IAEA obligations and the many other outstanding issues where Iran undermines regional stability (Iraq, terrorism, and potentially Afghanistan). The U.S. will not give Iran a "pass" on all these other issues in return for movement on

the nuclear issue alone.

Insight into EU thinking: Some Sound bytes

9.(C) What follows are some quotes by various EU officials from the discussions on Iran that illustrate EU thinking.

Council Secretariat

-- Robert Cooper, Solana's Foreign Policy Advisor: "The U.S. seems concerned that Iran would respond to a G8 proposal (and thus postpone referral to the UNSC). I'm concerned they won't respond at all. If Iran does respond to a G8 initiative, even on the eve of the November Board meeting, EU member states are not likely to support referral to the UNSC."

-- Annalisa Giannelli, Solana's Non-Proliferation Advisor: "A G8 deal is preferable to referral to the UNSC. We should construct a G8 package that includes carrots and sticks. I think we should be hard on Iran in terms of what it must do, but generous in the carrots we offer."

Commission

-- Michael Leigh, Deputy DG for Middle East and CIS: "The EU is not at the point where it could support moving the Iran issue to the UNSC if Iran responds to a G8 package. We need to stay in touch, as this could become a transatlantic issue, and discuss it after the IAEA Board meeting, when new Commissioners are in place and the U.S. elections are over." (Fitzpatrick replied that the September IAEA Board resolution said decisions would be taken at the November Board meeting, not after.)

-- Christian Leffler, Head of Middle East Department: "There are two unacceptable outcomes: a nuclear Iran, and resort to force... The EU insists on engagement and dialogue with Iran, in part because we have no alternative.... Ultimate recourse to action on Iran would mean a complete policy failure. Backlash in the region would be enormous."

Canada and some Dutch are the exception

110. (C) The exception to the sentiments expressed above came from the Canadian delegation, and from Dutch IAEA Mission Counselor Dirk Jan Kop, who said he expected Iran do "just enough" before the November IAEA board meeting to keep the board from referring the issue to the UNSC. That said, he thought there would be enough votes on the Board to refer in November, if Iran does not agree to full suspension. He reported that the Canadian Ambassador to the IAEA, who is now chairman of the Board, is planning a series of dinners in Vienna between now and the November board meeting in an effort to persuade NAM members that Iran is a sui generis case, and its referral to the UNSC would not in any way diminish other states' rights to pursue peaceful nuclear energy. Kop and the Canadians were comfortable with a three-pronged approach:

-- Develop a strategy for explaining the logic for referral to the UNSC (e.g. enhanced legal authority);
-- Explore a G8 package, including possible incentives from the U.S.;
-- Outreach to the NAM to address concerns that referral would undermine their access to peaceful nuclear technology.

Next Steps/Timeline

111. (SBU) Upcoming meetings offer the EU several opportunities to discuss and fine-tune their approach to Iran prior to the November IAEA Board meeting. These include:

Oct 7 restricted PSC discussion of Iran
Oct 11 GAERC -- EU FM's (over lunch)
Oct 13 G8 Poldirs meeting
Nov 5 COUNCIL summit
Nov 11 EU-Russia summit
Nov 22-23 GAERC

Comment: Another Transatlantic Trainwreck?

112. (C) EU thinking on Iran is beginning to crystallize around a G8 initiative that would be attractive enough to elicit Iranian cooperation -- in explicit exchange for not referring the issue to the UNSC in November. From the EU's perspective, the onus will be on the G8 to include sufficient carrots to bring Iran around, and they will want to err on the side of offering too much rather than too little. The key, in EU eyes, will be having a substantial U.S. carrot in the mix, preferably in the form of some kind of security guarantee. The EU would probably support including some sticks in the package, too, e.g. if Iran does not cooperate, it will be referred to the UNSC, visa/travel bans will be considered, etc. But their clear concern is not to "miss" the opportunity to avoid referral by being too stingy in the offer made to Iran.

¶13. (C) Comment continued. There are several implications for transatlantic relations in the EU's approach. First, the EU is not at present prepared to support pursuing a G8 package in parallel with referral to the UNSC. In their eyes, these are mutually exclusive approaches, and U.S. insistence on referral in November will be viewed as explicitly undermining chances for successful G8 initiative. Failure of a G8 initiative -- either due to the G8's inability to agree on a package, or due to Iran's rejection of an agreed package -- could also be laid at the U.S.'s door if the U.S. is viewed as having prevented agreement on a package, or is viewed as being unwilling to offer a carrot sufficiently enticing to bring Iran around. The last place the EU will look to place blame will be Tehran, absent an outright Iranian rejection of a G8 package the EU judges to be "sufficient." We thus risk a break with the EU over (a) the composition of a G8 package -- specifically, what U.S. incentives are included, and (b) how the G8 initiative is linked to referral to the UNSC -- specifically, whether the U.S. would agree not to seek referral if Iran responds positively to a G8 initiative. A break with the EU over either issue could complicate our efforts in the IAEA Board to refer Iran to the UNSC or, once in the UNSC, our ability to secure the votes needed to take any action.

¶14. (U) This cable was cleared by NEA DAS Dibble and NP A/DAS Fitzpatrick.

SCOTT